

**HOUSE SUMMARY OF SENATE AMENDMENTS**

House Bill No. 818 by Representative Ellington

TAX/SALES-USE, STATE: Phases-in an exclusion from state sales and use taxes for certain tangible property related to the manufacturing process

**Synopsis of Senate Amendments**

1. Changes the date for implementation of the 25% reduction in the cost price from the period beginning Jan.1, 2010 and ending on June 30, 2010 to the period beginning July 1, 2010 and ending on June 30, 2011.
2. Changes the date for implementation of the 50% reduction in the cost price from the period beginning July 1, 2010 and ending on June 30, 2011 to the period beginning July 1, 2011 and ending on June 30, 2012.
3. Changes the date for implementation of the 75% reduction in the cost price from the period beginning July 1, 2011 and ending on June 30, 2012 to the period beginning July 1, 2012 and ending on June 30, 2013.
4. Changes the date for full implementation of the reduction in the cost price from all periods beginning on and after July 1, 2012 to all periods beginning on and after July 1, 2013.
5. Adds provision that manufacturers with a NAICS code of 113310 shall also be eligible for the exemption.

**Digest of Bill as Finally Passed by Senate**

Present law provides that the "cost price" means the actual cost of the articles of tangible personal property without any deductions therefrom on account of the cost of materials used, labor, or service cost, except those service costs for installing the articles of tangible personal property if such cost is separately billed to the customer at the time of installation, transportation charges, or any other expenses whatsoever, or the reasonable market value of the tangible personal property at the time it becomes susceptible to the use tax, whichever is less.

Proposed law provides that for purposes of the state sales and use tax, the tax on the cost price of tangible property consumed in the manufacturing process, such as fuses, belts, felts, wires, conveyor belts, lubricants, and motor oils and the tax on the cost price of repairs and maintenance of manufacturing machinery and equipment shall be reduced as follows:

- (1) For the period beginning July 1, 2010, and ending on June 30, 2011, the state sales and use tax on the cost price shall be reduced by 25%.
- (2) For the period beginning July 1, 2011, and ending June 30, 2012, the state sales and use tax on the cost price shall be reduced by 50%.
- (3) For the period beginning July 1, 2012, and ending June 30, 2013, the sales and use tax on the cost price shall be reduced by 75%.
- (4) For all periods beginning on and after July 1, 2013, the state sales and use tax on the cost price shall be reduced by 100%.

Proposed law provides that for purposes of proposed law, a manufacturer shall mean a person whose principal activity is manufacturing and who is assigned an industry group designation

of 3211 through 3222 or 113310 pursuant to the North American Industry Classification System (NAICS) of 2007.

(Adds R.S. 47:301(3)(k))